55 East 52nd Street
New York, NY 10055

BY ELECTRONIC TRANSMISSION

Submission No. 17-49
March 29, 2017

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Amendments to Coffee "C" ® Appendix IV (Coffee "C" Differentials) and Appendix V (Price Adjustments) -- Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), ICE Futures U.S., Inc. ("IFUS" or "Exchange") self certifies amendments to Coffee "C" Appendix IV and Appendix V as set forth in Exhibit A. As described in detail below, the amendments to the appendices: (1) revise the delivery point differential for deliveries in Houston, Miami and New Orleans; (2) revise the current outbound cost adjustment on deliveries; and (3) implement a new rent cost adjustment for deliveries.

AMENDMENTS TO APPENDIX IV- DELIVERY POINT DIFFERENTIALS:

The amendments to Appendix IV revise the delivery point differential. Currently, New York is the par delivery point. There is no discount for delivery in the Port of Virginia and all other delivery points are subject to a 125 point (or 1.25 cents per pound) discount. The Exchange conducted a periodic study of differential costs, which included a confidential survey of commercial market participants that were active across key origins and Exchange delivery points. The study was used to identify the current costs to move product from the key origins to the par delivery point (New York) and other delivery points. It also included an analysis of the key origins typically moved into certified stocks in each delivery point in recent calendar years; and a calculation of a "stocks weighted differential" amount for each port (other than for Barcelona and the Port of Virginia, for which no material stocks data is available) vs. the New York par delivery point.

After reviewing the results of the study, the Exchange, upon the unanimous recommendation of the Coffee Committee, determined to reduce the delivery point differential for the Miami, New Orleans and Houston delivery points to a 50 point discount, from the current 125 point discount, to better reflect commercial market conditions. The amendments to revise the differentials for these delivery points would become effective upon the first contract month that is at least twenty-four calendar months after submission to the Commission, which is the May 2019 contract[1].

AMENDMENTS TO APPENDIX V: REVISIONS TO OUTBOUND COST ADJUSTMENT:

The Coffee "C" Rules include a provision for an Outbound Cost Adjustment ("OCA") that is intended to address disparities in the cost of loading out coffee in different delivery points. For each lot delivered, the OCA is calculated by the Exchange as of the last business day of the calendar month by deducting the average of posted load out rates for all licensed warehouses in the port in which delivery is taking place from the average of posted load out rates for all licensed warehouses in the New York port. A negative OCA produces a decrease in the invoice amount (i.e. a discount to the deliverer) and a positive OCA produces an increase in the invoice amount (i.e. a premium to the receiver). While the OCA has been beneficial in addressing the observed disparity in load out rates across the different delivery points, it does not currently provide any adjustment for disparities in rates at licensed warehouses within a given port, as it relies on average load out rates for each delivery point.

Upon the unanimous recommendation of the Coffee Committee, the Exchange has determined to amend Appendix V to provide that the OCA be based upon the difference between the posted load out rate of the delivery warehouse at which delivery is being made and the average load out rate across all licensed warehouses in the New York par delivery point. The Exchange believes that the change will lead to a more precise calculation of the adjustment and will therefore improve the efficacy of the provisions in compensating both parties to the delivery for any difference between the load out costs in the delivery point and the average load out costs in the par delivery point. The Exchange has determined to implement the amendments with the July 2017 delivery as: (1) both the Coffee Committee and the Exchange have concluded that the amendments will not have a material impact on the value of the futures contract; and (2) the OCA is already subject to change with each delivery period based on changes to the list of licensed warehouses in the par delivery point.

AMENDMENTS TO APPENDIX V: ADOPTION OF NEW RENT COST ADJUSTMENT:

The Exchange is also adopting an amendment to Appendix V to create a new Rent Cost Adjustment ("RCA") in deliveries that is intended to address the disparity in monthly storage costs charged by Exchange licensed warehouses. The RCA would be similar to the revised OCA, providing for an adjustment on each delivery invoice that would be based upon the difference between the posted monthly storage cost of the delivery warehouse in which delivery is being made and the average storage cost across all licensed warehouses in the New York par delivery point. Since rent is a monthly charge, the RCA calculation would take into account the

---

[1] Coffee Rule 8.05 explicitly allows implementation of amendments to become effective on contract months with outstanding open interest, as long as the amendments are approved and announced at least twenty-four months earlier than the First Notice Day of the first affected contract month.

number of calendar months between the delivery month (inclusive) and the next delivery month - which can be either two or three calendar months later than the delivery month.
The Exchange believes the RCA is an appropriate means to address the observed discrepancy in monthly storage costs across and within Exchange delivery points, in a manner similar to the effect of the OCA as regards the discrepancy in load out costs. Pursuant to Coffee Rule 8.05, the new RCA would become effective with the May 2019 delivery.

The Exchange is not aware of any opposing views to the amendments and certifies that the amendments to the Coffee Rules comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. Specifically, the amendments comply with designated contract market core principle 3 (Contracts not Subject to Manipulation). The amendments provide for more accurate adjustments for transportation and load out costs and an additional adjustment to rent for coffee at an approved delivery point other than New York. The amendments neutralize costs between different locations making the Coffee "C" Contract less subject to manipulation and delivery point arbitrage. The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at ((https://www.theice.com/futures-us/regulation#rule-filings).

If you have any questions or need further information, please contact Tim Barry at 212-748-4096 or tim.barry@theice.com or the undersigned at 212-748-4021.

Sincerely yours,

Jason V. Fusco
Assistant General Counsel
Market Regulation

cc: Division of Market Oversight

Exhibit A

(In the text below, deletions are overstruck and additions are underscored.)

APPENDIX IV

Coffee "C" Differentials

The differentials for coffees delivered under the Coffee “C” Futures Contract are as follows:

* * *

Schedule C-3

Difference in Value Between Delivery Ports

New York Port District and the Port of Virginia	Basis
New Orleans Port District	Minus [~~125~~] 50 pts.
Miami Port District	Minus [~~125~~] 50 pts.
Antwerp Port District	Minus 125 pts.
Hamburg/Bremen Port District	Minus 125 pts.
Houston Port District	Minus [~~125~~] 50 pts.
Barcelona Port District	Minus 125 pts.

APPENDIX V

Price Adjustments

Every Exchange Invoice shall include the following adjustments to the price stated on a Delivery Notice:

* * *

(15) In the case of coffee delivered in any delivery point [~~Miami, Houston, New Orleans, the Port of Virginia, Bremen/Hamburg, Antwerp or Barcelona~~], an Outbound Cost Adjustment (“OCA”) which is calculated by the Exchange as of the last business day of the calendar month preceding the delivery month. The OCA shall be calculated by deducting the [~~average of~~] posted Load Out rate[~~s~~] for the licensed warehouse [~~all licensed warehouses in the port~~] in which delivery is being made from the average of posted Load Out rates for all licensed warehouses in the Port of New York. A negative OCA shall be a reduction in the invoice price, and a positive OCA shall be an addition to the invoice price.

(16) In the case of coffee delivered in any delivery point, a Rent Cost Adjustment (“RCA”) which is calculated by the Exchange as of the last business day of the calendar month preceding the delivery month. The RCA shall be calculated by: (1) deducting the posted monthly Storage rate for the licensed warehouse in which delivery is being made from the average of posted monthly Storage rates for all licensed warehouses in the Port of New York to determine the “monthly rent cost adjustment amount”; and (2) multiplying that “monthly rent cost adjustment amount” by 2 in the case of deliveries against the March, May and July delivery months and by 3 in the case of deliveries against the September and December delivery months. A negative RCA shall be a reduction in the invoice price, and a positive RCA shall be an addition to the invoice price.